GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

YAT&C Department - Development of a Five Star Hotel, International Convention Centre and Family Entertainment Centre under 'Novotel' brand at Peruru Village, Tirupati Rural, Tirupati District (erstwhile Chittoor District)- Orders - Issued.

YOUTH ADVANCEMENT, TOURISM AND CULTURE (T) DEPARTMENT

G.O.MS.No.19 Dt:14.09.2022

Read the following:

1. G.O.Ms.No.11, YAT&C(T)Dept., Dt:28-12-2020.
2. G.O.Ms.No.12, YAT&C(T)Dept., Dt:04.07.2022.
3. Letter received from Sri K.Ajay Kumar, Managing Director, M/s. Vaishnovi Versatile Ventures Pvt. Ltd, Perur, Tirupati. Lr Dt:08.08.2022 & 22.08.2022.
4. Minutes of the SIPC Meeting, Dt:29.08.2022.
5. Minutes of the SIPB Meeting, Dt:05.09.2022.
6. U.O.Note.No.266/2022, G.A. (CABINET) Department, Dt:07.09.2022.(Council Resolution No.266/2022)

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ORDER :-

The State of Andhra Pradesh is blessed with the country's second longest coastline (974 Kms) and perennial rivers and scenic backwaters, is home to one of the world's most visited religious destinations, is considered as the birth place of Mahayana Buddhism and boasts of a vibrant and rich culture and heritage. Evidently so, Andhra Pradesh is the fourth most visited state for domestic tourists in the country.

2. The Andhra Pradesh Tourism Policy 2020-2025 issued vide reference 1st read above, indicates the vision of the Government to develop the State into a premier world class tourist destination through luxury resorts, MICE centres, adventure parks and other tourism infrastructure. The Policy offers industry best incentives, attractive terms for land allotment that shall position the state as a premier world-class tourism destination with robust infrastructure. The state has been witnessing an increased interest from private players for investment in Tourism projects. The development of proposed 5-Star and above projects/Mega Projects/Large Tourism Projects through private investment will be a testament to the vision of the Government, to develop luxury and iconic projects in the state and will greatly aid in the overall development of the state.

3. In the reference 2nd read above, Government has approved the following as per the provisions of AP Tourism Policy 2020-25:-

3.1. It is approved to take over 20 acres of land out of 30.32 acres of land in Sy. No. 604 allotted to M/s VVIPL and handover to Oberoi group for setting up of Oberoi (Vilas) resort.

(Contd..2)

3.2. It is approved to allot afresh 10.32 acres of land out of 30.32 acres at Sy.no. 604 on Lease basis under PPP mode and grant incentives based on the recommendations of State Investment Promotion Board to M/s. Vaishnovi Versatile Ventures Pvt. Ltd as given in its minutes at Annexure-I.

3.3. As a consequence to SIPB Resolution:-

(a) It is approved to cancel G.O.Ms.No.65, Dt.14.06.2012 & G.O.Ms.No.50, Dt: 30.09.2013.

(b) Based on the recommendations of the State Investment Promotion Board (SIPB) following are the land allotment terms:-

i. Allotment of Ac.10.32 cts. at Sy.no. 604 at Peruru village, Tirupati rural mandal, Tirupati District (erstwhile Chittoor District) to the investor subject to completion of due process to take over 20 acres of land from M/s. Vaishnovi Versatile Ventures Pvt. Ltd. (VVVPL) and handing over of the land to M/s Mumtaz Hotels Ltd., a subsidiary company of M/s EIH Ltd, a flagship company of The Oberoi Group allotted vide Cabinet Resolution No. 244/2021 dt. 28.10.2021, and G.O.Ms.No.24 , Dt: 24-11-2021.

ii. Allotment of land on Lease basis under PPP mode is for a period of 66 years (including construction period of 3 years).

iii. Annual Lease Rental of 1% of the SRO (Sub Registrar Office) value of the land with enhancements of 5% in a block of 3 years.In addition to the Annual lease rent, ADP shall be considered equivalent to the higher of the following:

   a) 10% of Gross Revenue (in case the gross revenue for a particular financial year is lesser than the projected revenue as per the DPR submitted by the investor, the higher of the two will be considered).

   b) Annual Rentals on 15% of the rooms and Rentals on 20 days of Convention centre.

iv. Return the invoked bank guarantee amount of Rs 10 Cr. to M/s. Vaishnovi Versatile Ventures Pvt. Ltd. (VVVPL).

v. Collect a Project Development Fee amounting to 1% of the project cost and a Performance Guarantee amounting to Rs. 10 Cr. from the investor.

vi. The following are the incentives based on the recommendations of the State Investment Promotion Board (SIPB) are only admissible:-

   a) 100% Waiver of Land Use Conversion charge

   b) Reimbursement of 100% of stamp duty for lease of land

(Contd..3)

c) Reimbursement of 100% of net SGST accrued to state for a period of 5 years from COD or up to realization of 100% fixed capital investment, whichever is earlier.

d) Fixed Cost Power Reimbursement at Re. 1 per unit for a period of 5 years from COD subject to a maximum of 25 Lakh units per annum.

4. In the reference 3rd read above, Sri K.Ajay Kumar, Managing Director, M/s. Vaishnovi Versatile Ventures Pvt. Ltd in his lr's has requested for resolving certain issues and also requested to modify the earlier resolution and consider the following :-

i. To consider Novotel Brand or any other Equivalent Brand for the proposed 5 Star Hotel.

ii. To consider 66 Years Lease Tenure Plus 4 Years of Construction Period and on completion of 66 years plus 4 years, a further extension of 24 years with first right of refusal on mutually agreed terms and conditions.

iii. To consider the Project Development Fees @ 1% of Project Cost (Project Cost Rs. 126.48 Crores) subject to a maximum of Rs. 50 Lacs.

Since the investor has already paid Rs 4.0 Crores of Project Developments Fees and Advance Lease Rentals the investor requested to adjust Rs 50 Lacs from the already paid amount of Rs 4 Crores.

iv. To consider Performance Bank Guarantee @ 2.5% of Project Cost (Project Cost Rs. 126.48 Crores) which comes to Rs. 3,16,20,000 valid for Construction Period of 4 years.

Since the investor has already paid Rs 4.0 Crores of Project Developments Fees and Advance Lease Rentals, requested to adjust Rs. 3,16,20,000 against the already paid amount of Rs 4 Crores as Performance Bank Guarantee Deposit until completion of Construction Period.

The investor informed that, if Vaishnovi Versatile Ventures Pvt Ltd submits a Fresh Performance Bank Guarantee of Rs. 3,16,20,000 to AP Tourism, then AP Tourism shall immediately refund the Performance Bank Guarantee Deposit of Rs. 3,16,20,000 to Vaishnovi Versatile Ventures Pvt Ltd.

v. The investor informed that on adjusting an amount of Rs 50 Lacs Plus Rs. 3,16,20,000 towards Project Development Fees and Performance Bank Guarantee from and out of Rs. 4 Crores already Paid, there will a balance of Rs 33,80,000 Lacs left with AP Tourism and requested (either to return the amount of Rs 33,80,000 Lakhs or) to adjust the same towards Advance and Future Rentals Payable.

(Contd..4)

vi. To consider detailed letter dated 08-08-2022 fixing Additional Development Premium as 1% of Gross Revenues.

vii. To consider Grant of Industry Status.

viii. To Facilitate Ease of Doing Business.

5. Accordingly, the proposal was placed before the State Investment Promotion Board (SIPB) meeting held on 05.09.2022 with the recommendations of the State Investment Promotion Committee (SIPC) in it's meeting held on 29.08.2022. After detailed discussions, the board has recommended the following changes in G.O.Ms.No.12, dt:04.07.2022 as under:-

a. The request of the Investor to develop the 5 Star Hotel on Novotel Brand is agreed.

b. As the AP Tourism Policy 2020-2025 provides for 90 years of lease + 4 years construction period. The request of the Investor for 66 Years Lease Tenure Plus 4 Years of Construction Period and a further extension of 24 years on mutual consent of APTDC & Developer is agreed to as it is in consonance with provisions of policy.

c. The request of the Investor to collect Project Development Fees of Rs.50,00,000/- (Rs 50 Lacs) instead of 1% on the Project Cost is agreed to as the Clause 10.8 of AP Tourism Policy envisages that 1% of the estimated project cost subject to a maximum of Rs. 50,00,000 is to be collected as Project Development Fees.

d. The request of the Investor to collect 2.5% of Project Cost as Performance Bank Guarantee valid for Construction Period of 4 years is agreed to as per Clause 10.8 of Tourism Policy 2020-2025.

e. The request of the Investor to fix Additional Development Premium as 1% of Gross Revenues is not agreed to. However, it is decided to fix the ADP (Additional Development Premium) percentage as 2% of Gross Revenue Projected as per the DPR submitted or actual Gross Revenue whichever is Higher.

f. The request of the Investor to allow Industrial Status to the Project is not agreed to.

g. The request of the Investor to facilitate Ease of doing business is agreed and APTA shall facilitate Ease of doing business.

h. The request of the Investor to adjust Project Development Fee of Rs.50 lakhs, Performance Bank Guarantee @ 2.5% of Project Cost which comes to Rs. 3,16,20,000/- against the amount of Rs. 4.00 Crores already paid towards PDF and Advance Lease Rent by M/s VVVPL and adjust the balance amount of Rs. 33,80,000 towards Advance and Future Rentals Payable is agreed to.

(Contd..5)

6. Based on the SIPB resolution, the Government after careful examination of the matter, has approved the following, in partial modifications of earlier G.O. cited in reference 2 above for the items mentioned below. Other approvals and conditions shall be as per provisions of G.O.Ms.No.12, dt:04.07.2022:-

(a) Approved to develop a 5 Star Hotel by M/s VVVPL on Novotel Brand.

(b) Approved 66 Years Lease Tenure Plus 4 Years of Construction Period and a further extension of 24 years on mutual consent of APTDC & M/s VVVPL.

(c) Approved to collect Project Development Fees of Rs.50,00,000/-

(d) Approved to collect 2.5% of Project Cost as Performance Bank Guarantee valid for Construction Period of 4 years.

(e) Approved to fix Additional Development Premium as 2% of Gross Revenue Projected as per the DPR submitted or actual Gross Revenue whichever is higher.

(f) Approved to adjust the Project Development Fee of Rs.50 lakhs, Performance Bank Guarantee @ 2.5% of Project Cost against the amount of Rs. 4.00 Crores already paid towards PDF and Advance Lease Rent and also adjust the balance amount towards Advance and Future Rentals Payable by M/s VVVPL for the Project.

(g) The APTA shall facilitate Ease of doing business.

7. Further, the developer shall commence the Construction work within one year failing which action would be taken for cancellation.

8. The Managing Director, Andhra Pradesh Tourism Development Corporation Limited, Vijayawada shall take further necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Managing Director, Andhra Pradesh Tourism Development Corporation Limited, Vijayawada.
The Chief Executive Officer,
Andhra Pradesh Tourism Authority, Vijayawada.
The Sri K.Ajay Kumar, Managing Director, M/s. Vaishnovi Versatile Ventures Pvt. Ltd, Perur, Tirupati.
The Collector and District Magistrate, Tirupati.

(Contd..6)

Copy to:
The Additional Secretary to Hon'ble CM.
OSD to Hon'ble Minister for Tourism (TC & YA).
PS to Special Chief Secretary to Government.
The GA(Cabinet) Department, A.P.Secretariat, Velagapudi.
PS to Special Chief Secretary to Government & CIP,
Industries and Commerce Dept., A.P.Secretariat, Velagapudi.
PS to Principle Finance Secretary to Government,
Finance Dept., A.P.Secretariat, Velagapudi.
SF/SC.

// FORWARDED :: BY ORDER//

G. Ramalingam
SECTION OFFICER